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Routing Slip

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation	XX	
3. DD/Senate Affairs		X
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7. Admin Officer		
8. FOIA Officer		
9. Constituent Inquiries Officer		
10.		
11.		
12.		

SUSPENSE

5 JAN 89

Date

STAT

Action Officer:

Remarks: Told OMB that if Treasury agrees w/ financial institutions to reimburse employees for deposit errors in certain instances, then no problem (see OCA 87-1354);

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Otherwise, put in language in OCA 87-0176

GAH 1/3/89

Name/Date



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCA FILE

LEG

December 29, 1988
LEGISLATIVE REFERRAL MEMORANDUM

TO: SEE ATTACHED DISTRIBUTION LIST

SUBJECT: Department of the Treasury draft bill -- "Electronic Funds Transfer Federal Salary Act."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with Circular A-19.

Please provide us with your views no later than [REDACTED]

(NOTE -- This bill is needed in support of the 1990 Management Legislation Program and is identical to a proposal cleared by OMB in 1987.)

Direct your questions to Gregory Jones (395-3454), of this office.

James J. Jones for
Assistant Director for
Legislative Reference

Enclosures

cc: Kevin Scheid Frank Seidl
Karen Krop Bill McQuaid
Hilda Schreiber Suzanne DuVal

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Central Intelligence Agency		

Dear Mr. Speaker:

Enclosed is a draft bill to authorize the Secretary of the Treasury to issue regulations to require that wages and salaries of Federal employees be paid by electronic funds transfer. This proposal is a legislative initiative in the President's management program for fiscal year 1988.

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The purpose of this bill is to improve operating efficiency, increase productivity, reduce the costs associated with the current methods, and to ensure that Federal salaries and wage payments are delivered to the recipient on time. Currently, it costs Treasury \$.30 for each issued salary and wage check, while the same payment made by electronic funds transfer methods costs \$.04. It is expected that approximately \$17 million annually will be saved through enactment of this bill.

Conversion of Federal salary and wage payments to electronic funds transfer methods will eliminate lost, forged, or stolen checks and the attendant costs associated with issuance of new payments. Use of the electronic funds transfer payment method will afford employees an earlier access to their banked payments.

Treasury is aware that some Federal employees have assignments which preclude use of the electronic funds transfer payment method. We are also sensitive to the fact that some employees may not have bank accounts. Regulations will be prepared to address these concerns and, through regulations, the Secretary will have sufficient discretion to permit checks to continue to be used for some categories of wage and salary payment and when individual circumstances indicate the best method of payment is a check. In this regard, we will work closely with affected employees and their representatives to ensure that no one is unfairly disadvantaged.

We believe that this legislation will receive the support of the private sector financial community.

It is respectfully requested that you lay the proposed bill before the House. A similar proposal has been transmitted to the President of the Senate.

Page 2--The Honorable Jim Wright

The Office of Management and Budget advised that there is no objection from the standpoint of the Administration's program to the presentation of this legislative proposal to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

**Mark Sullivan III
General Counsel**

**The Honorable Jim Wright
Speaker of the House
of Representatives
Washington, D.C. 20515**

Enclosure